

Insurance Housekeeping

EXHIBIT 1
DATE 1/16/13
HB 22

HB 22 · Section-by-Section (as amended)

Section 1: Amends 33-1-409

This amendment attempts to mirror NAIC standards concerning confidential information. Importantly, it delineates what working papers means.

Section 2: Amends 33-1-1202

This section prevents persons from utilizing false insurance policies. Under the current statutes, insurance fraud only attaches when statements are made to insurers and when money is collected without the intent to offer coverage.

Section 3: Amends 33-2-604

This change eliminates language concerning safe deposit boxes. Insurers exclusively use custodial arrangements with banks and trust companies and no longer maintain reserves in safe deposit boxes. Furthermore, the financial institution can be anywhere in Montana, not just Helena.

Sections 4-6: Amends 33-2-606, 33-2-611, and 33-2-612

These changes are made to reflect the changes in 33-2-604, dealing with superfluous language.

Section 7: Amends 33-2-1303

This section cleans up archaic language and removes a grandfather requirement that allowed insurers three years from 1979 to meet certain standards.

Section 8: Amends 33-3-401

This section incorporates 33-2-604 from above and only changes the referred to section number.

Section 9: Amends 33-4-302

This removes the requirement that farm mutual insurers must meet on a specific date every year. It allows farm mutual insurers to instead identify a month for its annual meeting to occur. This is done because farmers wait until after harvest to hold this meeting, and that date is never consistent.

Section 10: Amends 33-17-102(8) Home State

Currently, there is no statutory language that addresses persons from states that do not grant adjuster and consultant licenses when it comes to licensing in Montana. This is the first of three fixes in this bill which would allow persons from those states which do not have adjuster or consultant licensure to designate a home state strictly for licensing purposes.

Section 11: Amends 33-17-214

This enumerates that only the primary place of business should be identified on a producer's license. Most producers communicate with the CSI through email. Therefore, a change in the business email should be reflected in the CSI's records.

Section 12: Amends 33-17-301

This is the second fix concerning the home state designation. This allows for adjusters who reside in states that do not license adjusters to designate a home state for reciprocity purposes. This requires adjusters to submit to the same background examination as producers.

Section 13: Amends 33-17-503

This is the final fix concerning residency requirements and deals specifically with consultants. It allows for consultants who reside in states that do not license consultants to designate a home state for reciprocity purposes.

Section 14: Amends 33-17-505

This section treats consultants and producers equally, requiring both to submit to the same background examination process.

Section 15: Amends 33-17-110

This allows for producers to identify one address as their primary place of business for the physical license. This makes licensure for multiple offices simpler and clearer.

Section 16: Amends 33-20-903(1)(b)

This removes a double negative and does not impact any meaning of the statute.

Section 17: Amends 33-22-1811(1)(a)

This is done because there are no longer standard health benefit plans.

Section 18: Amends 33-22-2002(11)(a)

This changes the word "and" to "or." This is done because affiliates under common control and entities eligible to file a combined tax return are not always the same person.

Section 19: Amends 33-28-104(1)(b)

This amendment synchronizes risk retention group surplus requirements with other similarly situated captives – industrial insured captive insurance companies.

Section 20: Amends 33-28-202(3)

This amendment allows for any captive insurance company to loan money to its affiliates, just like any traditional insurance company.

Section 21: Amends 33-28-301(11, 12)

This clarifies the fronting arrangement. The commissioner must look to all arrangements of a protected cell to make sure the cell will succeed. Similarly, the reinsurance agreement requirements are broken out as done in another section of the code.

Section 22: Amends 33-10-104

This amendment requires board members of the guaranty association to also be members of the guaranty association.

Contact CSI

Web: www.csi.mt.gov

Email: Policy.CSI@mt.gov

Phone: 406.444.2040

